

17-16-111
CHARLES ELMORE DROPLEY
CLERK

Supreme Court of the United States

OCTOBER TERM 1944.

No. 347

THE GEORGE W. LUFT COMPANY, INC.,
Petitioner,

against

ZANDE COSMETIC CO., INC., and
ARISTIDES TSIRKAS,
Respondents.

**PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE SECOND CIRCUIT, AND BRIEF IN
SUPPORT THEREOF.**

BREED, ABBOTT & MORGAN,
Attorneys for Petitioner,
15 Broad Street,
New York 5, N. Y.

CHARLES H. TUTTLE,
GERALD J. CRAUGH,
of Counsel.



INDEX.

	PAGE
PETITION FOR WRIT OF CERTIORARI.....	1
SUMMARY AND SHORT STATEMENT OF MATTER INVOLVED	2
JURISDICTION TO REVIEW	7
QUESTIONS PRESENTED	7
REASONS RELIED ON FOR GRANTING OF WRIT OF CERTIORARI	8
BRIEF IN SUPPORT OF PETITION.....	11
OPINIONS BELOW	11

ARGUMENT:

- I.
The respondents having affixed the infringing mark and corporate name to their goods in the United States, and having thereupon used the infringing mark and corporate name upon such goods in interstate and foreign commerce, and having received in this country the net price of such goods, the petitioner was entitled to the general injunction and accounting granted by the District Court, without exception as to class (a) or class (c) countries.....
11
- A.
Where an infringing mark has been used in commerce among the several states, or with a foreign nation, the Act of 1905 forbids all use of the infringing mark, without exception.
11

B. In limiting the injunction and accounting, the decision of the Circuit Court of Appeals unsettles the value and security of every American trademark used in foreign commerce. It breeds litigation concerning them at home and abroad, and makes them shining marks for wiles and piracies.....	16
C. No principle of equity required or authorized the limitation of the general injunction and accounting granted by the District Court. On the contrary, the general relief granted by the District Court was, under the express terms of the Act, in strict accord with the principles of equity.....	19
D. In limiting the injunction and accounting, the decision of the Circuit Court of Appeals is in conflict with decisions upon the same matter in the same and other Circuits, and with the statements of authoritative text-writers.	23
E. In so limiting the injunction and accounting, the decision is also in conflict with decisions in analogous cases in the Second Circuit and in this Court.....	29
II. The decision of the Circuit Court of Appeals in respect of the so-called class (c) foreign countries is founded on a misapprehension both of the facts and of the law.....	32
A. The Court misapprehended the facts.....	32
B. The Court misapprehended the law.....	33
CONCLUSION	37
APPENDIX	38

TABLE OF CASES CITED.

	PAGE
<i>Armstrong Co. v. Nu-Enamel Corp.</i> , 305 U. S. 315	37
<i>Atlantic Cleaners & Dyers v. U. S.</i> , 286 U. S. 427.....	13
<i>City of Carlsbad v. Kutnow</i> , S. D. N. Y., 68 F. 794, affirmed 2 Cir., 71 F. 167.....	9, 27
<i>Dowagiac Mfg. Co. v. Minnesota Plow Co.</i> , 235 U. S. 641	31
<i>Glen Cove Mfg. Co. v. Ludeling</i> , S. D. N. Y. 22 F. 823	9, 14
<i>Hammer v. Dagenhart</i> , 247 U. S. 251.....	13
<i>Hanover Star Milling Co. v. Metcalf</i> , 240 U. S. 403	7, 22, 34
<i>Hecker H-O Co., Inc. v. Holland Food Corporation</i> , 2 Cir., 36 F. (2d) 767.....	9, 25, 26
<i>Ironite Co. v. Guarantee Waterproofing Co.</i> , 8 Cir., 64 F. (2d) 608.....	15
<i>Ketchum Harvester Co. v. Johnson Harvester Co.</i> , S. D. N. Y., 8 F. 586.....	19, 31
<i>Louisiana R. R. Comm. v. Texas & Pac. Ry Co.</i> , 229 U. S. 336.....	6, 15
<i>Michel Cosmetics Inc. v. Tsirkas</i> , 282 N. Y. 95, 26 N. E. (2d) 16.....	6
<i>Mishawaka Rubber & Woolen Mfg. Co. v. Kresge Co.</i> , 316 U. S. 203.....	7, 37
<i>Morris v. Alstedter</i> , 93 Misc, 329, 156 N. Y. S. 1103, affirmed without opinion, 1st Dept., 173 App. Div. 932, 158 N. Y. S. 1123.....	28
<i>Oneida Community Ltd. v. Oneida Game Trap Co.</i> , 168 App. Div. 769, 154 N. Y. S. 391.....	22
<i>Orr-Ewing & Co. v. Johnston & Co.</i> , 13 Ch. Div. 434; affirmed 7 App. Cas. 219.....	35
<i>Pan American Co. v. United States</i> , 273 U. S. 456....	21
<i>Philco Corp. v. Phillips Mfg. Co.</i> , 7 Cir., 133 F. (2d) 663	36

	PAGE
<i>Sheldon, et al. v. Metro-Goldwyn Pictures Corporation, et al.</i> , 2 Cir., 106 F. (2d) 45, affirmed, 309 U. S. 390	29
<i>Standard Oil Co. of Maine v. Standard Oil Co. of N. Y.</i> , 1 Cir., 45 F. (2d) 309.....	35
<i>United Drug Co. v. Rectanus Co.</i> , 248 U. S. 90.....	21, 34
<i>U. S. v. Darby</i> , 312 U. S. 100.....	13-
<i>Vacuum Oil Co v. Eagle Oil Co.</i> , D. N. J., 154 F. 867, affirmed 3 Cir., 162 F. 671, certiorari denied, 214 U. S. 515.....	9, 23, 28
<i>Wyckoff v. Howe Scale Co.</i> , D. Vt., 110 F. 520, reversed on other grounds, 2 Cir., 122 F. 348, 198 U. S. 118.....	27

TEXTBOOKS CITED.

Hopkins' <i>The Law of Trademarks, Tradenames and Unfair Competition</i> (4th Ed.).....	29
Kerly's <i>The Law of Trademarks and Tradenames</i> (4th Ed.)	29
Robertson & Kirkham's <i>Jurisdiction of the Supreme Court of the United States</i> , §308, pages 623-624....	7
Bulletin of U. S. Department of Commerce entitled "Industrial Property Protection Throughout the World" by James L. Brown—Trade Promotion Series No. 165, pages 4-7, 26.....	16

STATUTES CITED.

The Federal Trademark Act of March 3, 1881, c. 138, 21 Stat. 502, §11.....	14
The Federal Trademark Act of February 20, 1905, c. 592, 33 Stat. 724, §§1, 16, 18, 19, 20, 27 (15 U. S. C. A., §§81, 96, 98, 99, 100, 106), 2, 7, 11, 12, 13, 15, 16, 20, 38	
Judicial Code, §240(a) (28 U. S. C. A., §347a).....	7
Tariff Act of 1930, §526 (19 U. S. C. A., §1526).....	16, 41
U. S. Customs Regulations of 1943, Sections 11.14 and 11.17	42

Supreme Court of the United States

OCTOBER TERM 1944.

No.

THE GEORGE W. LUFT COMPANY, INC.,
Petitioner,

against

ZANDE COSMETIC Co., INC., and
ARISTIDES TSIRKAS,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT, AND BRIEF IN SUPPORT THEREOF.

*To the Honorable Harlan Fiske Stone, Chief Justice of the
United States, and the Associate Justices of the Su-
preme Court of the United States:*

The petition of The George W. Luft Company, Inc. re-
spectfully shows:

Your petitioner seeks review of the decree of the United States Circuit Court of Appeals for the Second Circuit (142 F. (2d) 536) dated and filed June 9, 1944 (477), pursuant to its opinion rendered May 9, 1944 (467-475),* in so far as it modifies an interlocutory decree of the United

* Figures in parentheses refer to pages of the Record.

States District Court for the Southern District of New York (48 F. Supp. 602) entered February 19, 1943 (451-453), by limiting the general injunction and accounting granted by the District Court after trial of this action.

A petition by petitioner for rehearing was denied by the Circuit Court of Appeals on June 5, 1944 (475-476).

Summary and Short Statement of Matter Involved.

(1) The action is (a) for infringement of petitioner's technical trademark, consisting of the arbitrary, coined word, "Tangee", for lipsticks and other cosmetics, *registered* under the Federal Trademark Act of February 20, 1905 (15 U. S. C. A. §81 *et seq.*), hereinafter referred to as the Act of 1905, and (b) for unfair competition. It is based on respondents' use upon like goods of the trademark "Zande" and the corporate name "Zande Cosmetic Co., Inc."

Under the Act of 1905 the Federal Courts are vested with jurisdiction to prevent the violation of any right of the owner of a trademark registered thereunder, provided that the infringing mark has been "used * * * in commerce among the several States, or with a foreign nation" (§§ 16, 19 of the Act, 15 U. S. C. A. §§ 96, 99).

The corporate respondent (a New York corporation) manufactures its goods at its factory in New York, where it affixes its mark and corporate name to its goods completely packaged and shipped by it in domestic and foreign commerce, and where it receives the net price thereof (4, 16, 279, 280, 284-285, 426).

(2) The District Court found that petitioner's trademark was intentionally infringed and that respondents were engaged in unfair competition with petitioner. Thus it not

only found that respondents' mark and corporate name were purposely confusingly similar to petitioner's trademark, but it also found that respondents, with intimate knowledge of the standing of the "Tangee" lipstick by reason of the individual respondent's relations with petitioner's former chief chemist, had so arranged the word "Zande" in script that the "Z" appeared like a "T" in script, and had adopted an odor and color for respondents' lipsticks which were substantially identical with the odor and color of petitioner's lipsticks (444-448).

(3) Although the Circuit Court of Appeals affirmed such findings of the District Court, and held that the injunction and accounting should apply to "domestic business" (474), the Circuit Court of Appeals then proceeded to divide foreign business into three classes, (a), (b) and (c) (471), and held that the injunction and accounting, as to use of the infringing mark and corporate name in, and in commerce with, foreign countries,

(a) should not apply to those foreign "countries where both parties are doing business and the defendants have established their right by the local law to use the name 'Zande' " (471-473), such countries, according to respondents, being Brazil, Colombia, Ecuador, Mexico, Peru and Venezuela.

(b) should apply to Chile, Cuba and Nicaragua (473-474) and any other foreign "countries where both parties are doing business and the defendants have not established" their "right by the local law to use the name 'Zande' " (471).

(c) should not apply to other foreign "countries where the defendants are doing business but the plaintiff has not proved that it ever has done business or is likely to do it" (473).

The Circuit Court of Appeals further directed that the reference to the Master should be "broadened" so as to permit him, in respect of foreign business other than class (b) countries, to consider the evidence introduced before the District Court and additional evidence if offered, and to report in accordance with the Court's opinion (474).

The foreign countries referred to in (a) and (b) above are countries wherein petitioner, as prior registrant of its trademark, had either opposed or applied to cancel the registration of respondents' mark. In the countries mentioned in (a) it was held, under the local law and conditions, that respondents' mark was not confusingly similar to petitioner's trademark, and in the countries mentioned in (b) that respondents' mark was confusingly similar to petitioner's trademark.

(4) Petitioner and the corporate respondent are New York corporations engaged in business in the City of New York. The individual respondent, who owns and controls the corporate respondent, is also a citizen and resident of New York.

Petitioner's trademark "Tangee" has been used since about December, 1920. It was first registered in the United States Patent Office on January 15, 1924 (Pl. Ex. 2, 1051). Subsequent registrations in that office were also granted (Pl. Ex. 3-6, 352-355).

Since at least 1932 "Tangee" has been the largest selling lipstick on the market (58-59, 137). It has been constantly advertised as "The World's Most Famous Lipstick" (Pl. Ex. 13, 380, Pl. Ex. 14A-14E). It is sold throughout the United States and throughout or virtually throughout the world (74-80, 110-115, 149-150).

The corporate respondent was organized by the individual respondent in November 1934 (178) and began the

use of the infringing trademark in January, 1935 (300). Its office and factory are in New York, and it solicits from New York its domestic and foreign accounts, and receives in New York the net price of the goods bearing the infringing mark (4, 16, 279, 280, 284-285, 426).

Prior to this action petitioner had successfully opposed respondents' application to register the infringing trademark in the United States Patent Office (364-373).

The goods of the parties are manufactured and completely packaged at their respective places of business in New York; petitioner's trademark and respondents' infringing mark and corporate name are affixed to their respective goods in New York; and such goods are then shipped by them from New York in intrastate, interstate and foreign commerce (4, 16-17, 74-80, 110-115, 149-150, 166-167, 279-280, Pl. Ex. 13-17).

The packages containing the goods of the parties, besides displaying the respective trademarks, also prominently state on their face that the place of origin of the goods is New York, N. Y. (Pl. Ex. 18, 22-24, 25, 26). In addition the phrase "Made in U. S. A." appears on respondents' packages (Pl. Ex. 25, 26). The address "New York, N. Y." appears immediately under the name "Zande Cosmetic Co., Inc.", the word "Zande" appearing by itself in much larger type in script above the words "Cosmetic Co., Inc.", and the Z in "Zande" being formed so as to resemble the letter T in script (Pl. Ex. 25, 26, 447).

(5) The courts below have unanimously found as a fact that the infringement by the respondents was *intentional* (455, 447-8). To quote, for example, one of the several findings of fact on this subject (448):

"42. Defendants adopted and have been using the trade-mark 'Zande' and the corporate name 'Zande Cosmetic Co., Inc.' with the intention of ap-

appropriating to themselves the good will of the business of plaintiff represented by the trademark 'Tangee'."

Nor is this the first time that there has been a finding against these respondents of intentional piracy in their business of manufacturing and selling lipsticks. In *Michel Cosmetics Inc. v. Tsirkas*, 282 N. Y. 195, 26 N. E. (2d) 16, an action to enjoin these respondents from unfair competition with plaintiff in that action, the New York Court of Appeals said concerning these respondents, 203:

"The defendants are wanton wrongdoers and in such case 'every doubt and difficulty should be resolved against them.' *Rubber Co. v. Goodyear*, 9 Wall. (U. S.) 788, 803."

(6) The very moment when respondents affixed the infringing mark and corporate name to their goods in New York and started the transportation of such goods from their factory in New York in interstate or foreign commerce, or both, they were using such mark and corporate name in such commerce, because a movement of merchandise

"takes character as interstate or foreign commerce when it is actually started in the course of transportation to another State or to a foreign country" (*Louisiana R. R. Comm. v. Texas & Pac. Ry. Co.*, 229 U. S. 336, 341).

(7) Respondents offered in evidence certain documents relating to the registration of respondents' mark in certain foreign countries (Def. Ex. W1-W18). These documents were of two kinds (1) decisions of tribunals in Brazil, Colombia, Ecuador, Mexico, Peru and Venezuela (class (a) countries), wherein petitioner had either opposed or applied to cancel registrations of respondents' trademark;

and (2) registrations of respondents' mark in Costa Rica, Salvador, Spain and Turkey, against which no opposition was filed by petitioner.

Petitioner urged that these documents (Def. Ex. W1-W-18) were irrelevant and immaterial to the issues in this action. Petitioner's contention was sustained by the District Court but overruled by the Circuit Court of Appeals.

Jurisdiction to Review.

Jurisdiction of this Court is invoked under §240 (a) of the Judicial Code (28 U. S. C. A. §347a) and §18 of the Act of 1905 (15 U. S. C. A. §98).

Although the decree sought to be reviewed is interlocutory, this Court has frequently granted review of an interlocutory decree under similar circumstances (*Mishawaka Rubber & Woolen Mfg. Co. v. Kresge Co.*, 316 U. S. 203; *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403). See also Robertson & Kirkham's *Jurisdiction of the Supreme Court of the United States* §308, pages 623-624, and cases there cited.

Questions Presented.

Where petitioner's trademark, registered under the Act of 1905, and respondents' trademark and corporate name are affixed by them in New York to their respective completely packaged goods, and such goods are then shipped by them from New York in interstate and foreign commerce, and the District Court and Circuit Court of Appeals find that the respondents' trademark and corporate name are an intentional infringement of petitioner's trademark and are used in unfair competition with petitioner, and the

District Court grants a decree of general injunction and accounting,

(a) did the Circuit Court of Appeals, although affirming the decree of the District Court as to use of the infringing trademark and corporate name in domestic commerce and as to use in, and in commerce with, certain foreign countries, properly modify the decree so that the same should not apply to use of the infringing trademark and corporate name in, and in commerce with, certain other foreign countries, namely, the so-called class (a) countries?

(b) did the Circuit Court of Appeals also properly modify the decree in respect of the so-called class (c) countries (473)?

Reasons Relied on for Granting of Writ of Certiorari.

1. The decision of the Circuit Court of Appeals is without precedent. Although declaring respondents' trademark and corporate name to be an intentional infringement of petitioner's trademark, that Court has excepted from the general injunction and accounting granted by the District Court, respondents' use of the infringing trademark and corporate name in, and in commerce with, certain foreign countries, wherein respondents may possess under the laws of such countries a right to use the same. No other judicial decision has ever read such exceptions into the Act of 1905 or split up foreign commerce or foreign business into any such classifications. Such decision abridges and impairs petitioner's right to a general injunction and accounting at common law and under the Act of 1905. It presents an important federal question which has not been but should be settled by this Court.

2. The decision of the Circuit Court of Appeals works great prejudice to owners of American trademarks used in foreign commerce. It unsettles the value and security of such trademarks. It breeds litigation concerning them both at home and abroad, and makes them shining marks for wiles and piracies.

3. The decision of the Circuit Court of Appeals is in conflict with decisions upon the same matter in *Vacuum Oil Co. v. Eagle Oil Co.*, D. N. J., 154 F. 867, affirmed 3 Cir., 162 F. 671, certiorari denied, 214 U. S. 515; *Hecker H-O Co., Inc. v. Holland Food Corporation*, 2 Cir., 36 F. (2d) 767; *City of Carlsbad v. Kutnow*, S. D. N. Y., 68 F. 794, affirmed 2 Cir., 71 F. 167; and *Glen Cove Mfg. Co. v. Ludeling*, S. D. N. Y., 22 F. 823, 825.

4. The decision of the Circuit Court of Appeals is in conflict with other applicable decisions of the same and other Circuits and of this Court.

WHEREFORE, petitioner respectfully prays that a writ of certiorari be issued out of and under the seal of this Honorable Court directed to the Circuit Court of Appeals for the Second Circuit, commanding that Court to certify and to send to this Court for its review and determination, on a day certain to be therein named, a certified transcript of the record and proceedings herein; that the decree of said Circuit Court of Appeals be modified by this Honorable Court so as to remove all limitations made by said Circuit Court of Appeals upon the injunction and accounting granted by the decree of the District Court; and that peti-

tioner may have such other and further relief in the premises as to this Honorable Court may seem meet and just.

Dated: August 14, 1944.

THE GEORGE W. LUFT COMPANY, INC.,
Petitioner,

By CHARLES H. TUTTLE,
GERALD J. CRAUGH,
of Counsel.

BREED, ABBOTT & MORGAN,
Attorneys for Petitioner,
15 Broad Street,
New York 5, N. Y.





BRIEF IN SUPPORT OF PETITION.

Opinions Below.

The opinion of the District Court appears at pages 432-440 of the Record and is reported in 48 F. Supp. 602.

The opinion of the Circuit Court of Appeals appears at pages 467-475 of the Record and is reported in 142 F. (2d) 536.

A R G U M E N T .

I.

The respondents having affixed the infringing mark and corporate name to their goods in the United States, and having thereupon used the infringing mark and corporate name upon such goods in interstate and foreign commerce, and having received in this country the net price of such goods, the petitioner was entitled to the general injunction and accounting granted by the District Court, without exception as to class (a) or class (c) countries.

A.

Where an infringing mark has been used in commerce among the several states, or with a foreign nation, the Act of 1905 forbids all use of the infringing mark, without exception.

(1) Sections 16 and 19 of the Act of 1905 (15 U. S. C. A. §§96, 99, reproduced in the Appendix hereto) forbid the use of an infringing mark which has been "affixed" in this country to the goods of the infringer and has thereupon been "used * * * in commerce among the several States, or with a foreign nation * * *."

Section 16 is the primary section. It declares the substantive rights of the rightful mark and the corollary outlawry of the wrongful mark without any exceptions. Section 19 carries forward these substantive rights and the corollary outlawry of a "wrongful use of a trademark".

This phrase "wrongful use of a trademark" in Section 19 clearly refers back to the "use" declared wrongful by Section 16. What is a wrongful "use" under Section 16 is necessarily a wrongful "use" under Section 19,—unless by inadmissible judicial legislation the Courts are to interject into either or both sections exceptions and limitations which are in no way expressed in the statute.

What is a wrongful use in an action for damages and penalty, cannot be a rightful use in an action for an injunction and accounting.

(2) By the Act of 1905 Congress, exercising its plenary power to regulate foreign commerce, obviously intended to devise a complete plan to protect a registrant against unlawful transportation, export and import. It denied our manufacturing, labeling and shipping facilities to infringers of registered trademarks. It intended to protect the American manufacturer, lawfully owning registered trademarks, from the use of imitations or counterfeits in our transportation and shipping facilities. It authorized the court to order the destruction of all labels, packages, etc., bearing the infringing mark (§20).^{*} It forbade the importation of merchandise with infringing marks (§27). It omitted any requirement that the wronged registrant be presently engaged in any exporting or importing business or that there be proof

^{*} Destruction of respondents' packages bearing the infringing mark and corporate name was not ordered herein (449), respondents having stated to the District Court that they would obliterate the word "Zande" therefrom.

of conflict between him and the infringer in any foreign country or countries.

(3) The language in Section 16 is "used * * * in commerce * * * with a foreign *nation*", not "foreign *nations*". The very wording of the Act reveals the intent that, even if the only use of the infringing mark has been in commerce with a single foreign nation, all use of the infringing mark is to be enjoined.

Moreover, the power of Congress "when exercised in respect of foreign commerce may be broader than when exercised as to interstate commerce" (*Atlantic Cleaners & Dyers v. U. S.*, 286 U. S. 427, 434). The reason for this is that, as to "foreign commerce, the United States possesses and exercises all the attributes of sovereignty. As to interstate commerce, it exercises only that portion of sovereignty delegated to it." (*Hammer v. Dagenhart*, 247 U. S. 251, 261, overruled on other grounds, *U. S. v. Darby*, 312 U. S. 100, 116-117).

Even if Section 16 of the Act of 1905 read "used in commerce with foreign *nations*" instead of "a foreign *nation*", it would be obvious that such commerce was intended to be considered as a single unit instead of as many units as there are countries to which the goods may be shipped. It was not intended that, where the offending acts were done in our country, our courts should make recognition of the offense dependent upon the different laws of different countries bearing on infringement, the different languages spoken in different countries, and other different conditions peculiar to such countries.

(4) Nor is there any basis for asserting that Congress, in passing the Act of 1905, intended that the standard of wrongfulness expressed in the Act, namely, "colorable imitation", should apply only to domestic commerce or

only to some foreign commerce. Congress intended and declared that the same single standard should be applicable as to all use of the infringing mark.

In an action under the predecessor Act of March 3, 1881, which provided for the granting of injunctions and accountings with respect to infringing marks used in foreign commerce and in commerce with the Indian tribes, it was held that the granting of relief to the plaintiff did not depend upon whether the infringing mark might mislead purchasers in Germany or in other foreign countries (*Glen Cove Manufacturing Co. v. Ludeling*, S. D. N. Y., 22 F. 823). In that case, Judge Wallace said, 825:

“* * * The defendant’s act is committed *here*, and whether it is a wrong or is justifiable must be ascertained upon the principles of *our jurisprudence*, and *not* upon those of the laws of *Germany*. Unless the complainant’s (*sic*, should read “defendant’s”) trade-mark is *used on goods intended to be transported to a foreign country*, by the terms of the act of congress the court can take no cognizance of the wrong in a suit between citizens of the same state. Section 11. If it is so used, the court will not be coneluded by the result of an inquiry whether it is used with an intent to mislead purchasers in the country where the goods are to be ultimately sold; because the goods may be sold here or in some country other than the one where they are to be ultimately sold, and the act of congress contemplates a *complete protection to the right* which it creates. * * *” (Emphasis supplied.)

The owner of a trademark registered under the Act of 1881 was entitled to an injunction provided that the infringing mark was “used on goods *intended to be transported to a foreign country*” (§11, Act of March 3, 1881, c. 138, 21 Stat. 502).

(5) The words "use" and "used" in Sections 16 and 19, mean, of course, *any use*. No exception or limitation is stated. To "affix" the wrongful mark is to "use" it. To employ a wrongful mark on goods being transported in or shipped from this country, is to "use" it in this country. Transportation is "use",—preeminently so. (*Louisiana R. R. Comm. v. Texas & Pac. Ry. Co.*, 229 U. S. 336, 341.)

Our position is well stated in *Ironite Co. v. Guarantee Waterproofing Co.*, 8 Cir., 64 F. (2d) 608, an action for injunction for infringement of a trademark registered under the Act of 1905. There, Judge Stone said, 611:

"The extent and the manner in which Congress intended to employ this power in the Trademark Act depend upon the provisions of that act. This meaning is easily discoverable from the expressions in various sections thereof. The section providing for registration employs the word 'used' in commerce (section 81, title 15, U. S. C. A.). The same term is employed in sections 82, 85, and, significantly, in section 96. There is no warrant to limit this broad term 'use' to use in connection with a sale. It is more in harmony with the meaning of the term (unrestricted in the act) and with the purpose of the act to construe it as equivalent to *transportation*. If this construction be correct, there can be no doubt that the undisputed evidence here shows such 'use'. Therefore we have the situation of a trademark, registered under the act, unlawfully *used in interstate commerce* by the defendant within the meaning of section 99. *This is a complete case of infringement under the act*, and the remedy therefor, and which is sought in this action, is provided by sections 99 and 100." (Emphasis supplied.)

(6) Further indication of the intent of Congress that foreign commerce is to be regarded as a single thing and not split up into as many units as there are foreign countries is

revealed by Section 27 of the Act of 1905 (15 U. S. C. A. §106) and Section 526 of the Tariff Act of 1930 (19 U. S. C. A. §1526). Those statutes prohibit the importation, without the consent of the owner of a trademark registered under the Act of 1905, into any part of the United States, of goods bearing the genuine trademark of such owner or a counterfeit or colorable imitation thereof, provided such registered trademark has been recorded with the Bureau of Customs. Thus, such importation would be refused even into a State where such owner might not have used his registered trademark. (See Appendix hereto for such statutes and Customs Regulations adopted pursuant thereto.)

B.

In limiting the injunction and accounting, the decision of the Circuit Court of Appeals unsettles the value and security of every American trademark used in foreign commerce. It breeds litigation concerning them at home and abroad, and makes them shining marks for wiles and piracies.

(1) It is a well-known fact that, in many foreign countries to which goods bearing famous American trademarks are exported, trademark rights are acquired solely by registration and not by use, and that piracy in foreign countries of famous American trademarks has been a common practice for many years. (See Bulletin of U. S. Department of Commerce, entitled "Industrial Property Protection Throughout the World" by James L. Brown—Trade Promotion Series No. 165, pages 4-7, 26.)

We, therefore, submit that the decision of the Circuit Court of Appeals will not only increase but actually facilitate such piracy, by permitting such practices to be safely carried on from within the United States itself and under the protection of our Courts.

Any nimble-witted person in this country who covets the good will associated with any famous American trademark is, we submit, enabled by this decision to register or use such trademark or a colorable imitation thereof in any foreign country whose laws so permit or are claimed to permit, and then, from vantage points in the United States, to confront the owner of the rightful mark with a *fait accompli* and with the burdens of litigation both at home and abroad.

Under the present decision, respondents may still ship their goods from New York to Mexico or any other country where, under the local laws, petitioner may have been unsuccessful in proceedings against the registration or use of respondents' mark. After the goods reach Mexico, respondents or their agents or vendees in Mexico may ship such goods to other countries where, in the words of the Court, respondents have not as yet locally established their right to use their mark. Since the corporate respondent's packages are marked "New York, N. Y.", no one in Mexico or elsewhere will know which is the original American product.

Hence, if the present decision is permitted to stand, petitioner (or any American merchant in like position) will have an impossible task not only of policing respondents' activities but of engaging in further proceedings against respondents throughout the world, notwithstanding that respondents are physically present in the United States and carrying on their commerce here and from here.

(2) According to the logic of the decision below, the corporate respondent may, with impunity as regards the courts of this country, register the trademark "Tangee" itself in any foreign countries where petitioner may have done no business, and then ship to such countries from New York its goods completely packaged and labeled with that trade-

mark, and may receive in New York the proceeds thereof. It can also adopt and have printed in New York exact counterfeits of petitioner's trademarks and labels for alleged export to such foreign countries. The impossibility of preventing the bootlegging in the United States of these counterfeits and of the packages bearing them is obvious. Until the decision below, petitioner has had a *prima facie* cause of action against any domestic printer who might make counterfeits of petitioner's trademarks and labels (Act of 1905, §§16, 20); but this important right is emptied of all substance by the decision below.

(3) We do not see how use of a trademark and corporate name which is wrongful in domestic commerce can be rightful in foreign commerce, particularly where the use in both kinds of commerce is made and carried on in the United States; nor why a Court of the United States, after having found a use to be intentionally wrongful, should feel constrained to modify its view of wrongfulness according to decisions of certain foreign tribunals or administrative officers who are acting under different laws and interpretations.

Moreover, the Circuit Court of Appeals has not stated how it is possible for the corporate respondent to continue to use in this country its infringing *corporate name* in respect of certain foreign commerce, while at the same time being forbidden to use it in respect of domestic commerce and in respect of certain other foreign commerce.

Under the present decision, cannot the respondents continue in New York to display the *corporate name* in telephone books and directories, at their place of business, upon their letterheads, billheads, envelopes and other papers relating to their business and to do other things under that corporate name, upon the mere excuse or claim that they are doing so only with a view to certain foreign commerce?

(4) There are also other anomalous features of the decision of the Circuit Court of Appeals. Thus, petitioner's and respondents' packages bear the address "New York, N. Y." (Pl. Ex. 18, 22-24, 25, 26) and respondents' also bear the notation "Made in U. S. A." (Pl. Ex. 25, 26) as the place of origin of the goods of the parties. Consequently, under such decision, and by reason of the fact that goods made in the United States carry great prestige abroad, respondents are enabled to convey the erroneous but valuable impression to the public in certain foreign countries that their mark and corporate name are in good standing in the United States and have the approval of our Government, notwithstanding that the United States Courts have held the same to be a wrongful and intentional infringement of petitioner's trademark and have barred the same from domestic commerce.

The "privilege of making in the United States, for sale abroad, was valuable, as was shown by the fact that the defendant made in the United States for sale abroad" (*Ketchum Harvester Co. v. Johnson Harvester Co.*, S. D. N. Y., 8 F. 586, 587, *infra*).

C.

No principle of equity required or authorized the limitation of the general injunction and accounting granted by the District Court. On the contrary, the general relief granted by the District Court was, under the express terms of the Act, in strict accord with the principles of equity.

(1) As we have stated above, the courts below have unanimously found that the infringement was deliberate and "with the intention of appropriating to themselves (the respondents) the good will" of the petitioner's trademark (445, 447-8).

This conduct injures, and was intended to injure, the petitioner's business irreparably, because it diminishes the

good-will of the petitioner's trademark and the extent of its trade and prestige in both the domestic and the foreign commerce of the United States.

(2) Section 19 of the Act of 1905 provides that the Federal Courts shall have power to grant injunctions, "according to the course and principles of equity", to prevent future violations of any right of the owner of a trademark registered under the Act.

In referring to this provision of Section 19, the Circuit Court of Appeals said (473):

"* * * We do not see upon what 'principles of equity' a court can enjoin the initiation of acts in the United States which constitute no wrong to the plaintiff in the country where they are to be consummated. Nor can we perceive upon what theory a plaintiff can recover damages for acts in the United States resulting in a sale of merchandise in a foreign country under a mark to which the defendant has established, over the plaintiff's opposition, a legal right of use in that country. Consequently neither the injunction nor the accounting should cover activities of the defendants, either here or abroad, concerned with sales in countries where the defendants have established rights superior to the plaintiff's in the name 'Zande'. What particular countries meet this test, we leave for determination by the district court."

Contrary to this view by the Circuit Court of Appeals, we submit that when a Court of the United States has held that certain acts done in the United States constitute an intentionally wrongful infringement, and has granted an injunction and an accounting in respect of such acts, there is no principle of equity which requires or authorizes that Court to declare immune the very same acts likewise done

in the United States, merely because the goods of the infringer are to be shipped from the United States to some foreign country where, under the laws thereof, the respondents' right to register and use their mark has been sustained.

“The general principles of equity * * * will not be applied to frustrate the purpose of its (United States') laws or to thwart public policy.” (*Pan American Co. v. United States*, 273 U. S. 456, 506.)

Certainly, it is an anomaly for a Court of the United States to hold that the decision of foreign tribunals under foreign laws and policies can create an exception to the inclusive prohibitions enacted in this country against the use of certain things in the domestic and foreign commerce of this country; or to hold that petitioner is not entitled to enjoin a deliberate imitation and infringement performed in this country merely because the imitator has thereafter managed to get his goods bearing the wrongful imitation out of the United States and into those foreign countries wherein petitioner may not be able to prevent the registration or use of the infringing mark.

(3) Moreover, such holding of the Circuit Court of Appeals is based upon a misapprehension of the facts and the law because, in addition to “affixing” and “using” the infringing mark and corporate name in the United States, respondents also receive in the United States the net price of their goods exported from the United States under the infringing mark (4, 16, 279-280, 284-285, 426).

In other words, the place of ultimate *consummation*, as well as the place of *initiation*, of respondents' wrongful acts is one and the same, to wit, the United States.

(4) Nor is this a case where one party, in good faith, has adopted a trademark and made a prior use of it in one section of the United States or of the world in ignorance of another party's earlier use of the same or similar trademark in another section. In such situations the Courts have sometimes permitted the parties exclusive use of their marks in their respective sections. (*Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403; *United Drug Co. v. Rectanus Co.*, 248 U. S. 90, discussed *infra*). In the case at bar, however, the courts below have unanimously found as facts that the imitation and infringement were deliberate and "with the intention of appropriating to themselves the good will" associated with petitioner's trademark (444-445, 447-448). Moreover, the source and the locality of this intentional imitation and infringement and of the respondents' enjoyment of the fruits thereof were and are, and (unless enjoined) will continue to be, the State of New York.

(5) In concluding this point we think the words of the court in *Oneida Community Ltd. v. Oneida Game Trap Co.*, 168 App. Div. 769, 154 N. Y. S. 391, are pertinent. That case was also an action for injunction to enjoin the intentional infringement of a trademark registered under the Act of 1905. In upholding such injunction the court said, 781-782:

"* * * It is sufficient that the rights intended to have been secured by the registration have been invaded, and the defendant, having wrongfully sought to take that which belongs to the plaintiff, is not entitled in a court of equity to 'something just as good.' The plaintiff is entitled to a practical injunction; * * *. It is not the province of a court of equity to aid wrongdoers; it fulfills its mission when it has restrained the commission of a wrong, leaving the wrongdoer to figure out for himself how far he can

disregard the mandate of the court and the requirements of a clean conscience.”

D.

In limiting the injunction and accounting, the decision of the Circuit Court of Appeals is in conflict with decisions upon the same matter in the same and other Circuits, and with the statements of authoritative textwriters.

(1) In *Vacuum Oil Co. v. Eagle Oil Co.*, D. N. J., 154 F. 867, affirmed 3 Cir., 162 F. 671, certiorari denied 214 U. S. 515, plaintiff was engaged in selling its products, under its registered trademarks including the trademark “Vacuum”, in domestic commerce and in commerce with certain foreign countries, including Germany. One Von Krogh, a resident of Germany, came to the United States and in conjunction with other persons here caused the defendant, Eagle Oil Company of New York, to be organized for the purpose of shipping oils from the United States to itself, as consignee, in Germany, where Von Krogh acted as General Manager of defendant corporation’s business. When the barrels of oil were shipped from the United States they bore only the name of defendant corporation and a private marking (not a trademark). Somewhere outside the United States but before the barrels reached the ultimate consumer abroad, Von Krogh caused the trademark “Vacuum” and other trademarks like plaintiff’s to be affixed to the barrels of oil.

In an action for an injunction and accounting against the defendant corporation and Von Krogh and Hastings as officers of the corporation, wherein jurisdiction *in personam* was obtained over all the defendants, a plea was interposed that the acts complained of “were wholly done and performed” outside of the United States and that the plaintiff had been unsuccessful in a suit in Germany against the defendant for the same relief (154 F. at 868).

The court held that this plea was bad and that the plan of defendants to pirate plaintiff's trademarks was "conceived and partially, but to a material intent, carried out in this country", since the goods (even though unmarked here) were shipped from here with intent to mark them abroad. The court granted an *unlimited* or *general* injunction and accounting, and said (p. 874):

"* * * The action is in personam. It cannot be that the arm of the court is too short to reach and stop this fraudulent conduct, or so much of it, at least, as is carried on in this country. The truth of the facts set forth in the pleas has not been shown, but the contrary. The acts complained of were not wholly performed outside of the United States, and this is all, under the issues presented, that I am required to find. The purchase and shipment of this oil for the purpose of selling it under false representations and the sale of it under false representations and tradenames abroad in unfair competition with the complainant, was a *single business*, and each step in the transaction was part of a *single fraudulent scheme*, which, under the circumstances detailed, must be deemed the act of the defendants. This unfair competition has inflicted injury upon the complainant's business in this country by diminishing, or tending to diminish, its foreign trade. This suit is brought to enjoin the perpetration of such fraudulent acts and conduct in this country". (Emphasis supplied).

The Court further held that in respect of plaintiff's right to relief it does not "make any difference whether the complainant's trademarks are valid in Germany or not" (154 F. at 875).

This decision is *a fortiori* applicable to the present case where the intentionally infringing mark is affixed to the

goods in the United States before they leave the United States and the net price is ultimately received here.

In attempting to distinguish this case from the *Vacuum Oil* case the Circuit Court of Appeals says (472) that in that case "the court found a fraudulent scheme of unfair competition being carried out in essential part within its jurisdiction; a finding we obviously cannot make in the present case in so far as the appellants have won bona fide rights to use the name 'Zande' abroad."

Since the "fraudulent scheme" in that case was the defendants' practice of shipping their goods unmarked from the United States and *affixing* the infringing trademark to the goods *outside* the United States, and since the plaintiff had been unsuccessful in an action in Germany against the defendant corporation for the same relief, we submit that the attempt of the Circuit Court of Appeals to distinguish that case from this is without any basis.

Here, the respondents' fraudulent scheme is not merely "being carried out in essential part within" the jurisdiction of our courts, but it is also being actually *consummated* within the jurisdiction of our courts, because the respondents receive in New York the net price of their goods shipped by them from the United States under the infringing mark. In addition, the respondents' acts are more flagrant than those of defendants in the *Vacuum Oil* case because here the intentionally infringing mark is affixed to the goods in the United States before the goods are shipped.

(2) In *Hecker H-O Co., Inc., v. Holland Food Corp.*, 2 Cir., 36 F. (2) 767, plaintiff was engaged in selling its products in interstate and foreign commerce under the trademark "H-O". Defendant caused the infringing trademark

"Hofood" to be affixed to goods in the United States and shipped from the United States to Holland (where defendant's trademark was registered) and to other foreign countries. Defendant was not engaged in domestic commerce. The Court held that defendant's act in affixing the infringing trademark in the United States to the goods and sending them in foreign commerce constituted an infringement of plaintiff's trademark registered under the Act of 1905. In affirming a decree granting an unlimited injunction, the Court said, 768:

"(1) Labeling packages, boxes, and barrels with the mark 'Hofood,' and sending them into foreign commerce for sale in foreign countries, was a violation of the Trade-Mark Act. The merchandise thus prepared was shipped from ports of the United States and intended for foreign commerce, and the courts of the United States have jurisdiction to restrain these acts performed within the United States. *Vacuum Oil Co. v. Eagle Oil Co.* (C. C.) 154 F. 867. * * *

The Circuit Court of Appeals states herein (472) that it does not "appear from the *Hecker* record that registration of the mark established in the defendant by the law of Holland a right to use such mark as against the plaintiff." In making this statement the Court must have overlooked the statement at page 768 of the *Hecker* opinion that "appellant contends that it cannot be enjoined from the sale of its product bearing the infringing trademark in the respective foreign countries referred to". Such contention, thus referred to and overruled by the Court, was stated in the *defendant's brief in the Hecker case* as follows (11-12):

"In the case at bar, there is no evidence to show that the plaintiff has any right to the use of its mark abroad which would entitle it to prevent the defendant's use of its own mark there at the same time.

There is also no proof to show priority of use on the part of the plaintiff in Holland, Belgium, or any of the other countries in which both parties are selling their products. On the contrary, the defendant has shown a legal right to use the 'Hofood' trade-mark abroad, through its registration at The Hague in 1920. An exemplified copy of this certificate of registration is included in the record (pp. 68, 69). There is nothing to show that the plaintiff has ever made any attempt to attack the defendant's foreign registration, and with that registration outstanding and valid in the countries where the defendant sells its goods, we cannot see how the plaintiff has established a case for relief in this Court under any circumstances."

(3) The Circuit Court of Appeals also attempts to distinguish *City of Carlsbad v. Kutnow*, S. D. N. Y., 68 F. 794, affirmed 2 Cir., 71 F. 167, upon the ground that the decision of the English Court granting registration of defendants' trademark in that case over plaintiff's opposition, was offered by defendants to support their right to use their trademark in the United States, and that obviously such decision could not confer a privilege to do something in this country which our courts were bound to recognize.

That may have been a purpose of defendants' offer in evidence of the English decision, but the fact remains that no limitation was placed upon the injunction or accounting granted by our Federal Courts in that case. Consequently the injunction covered generally all use of the infringing mark "in commerce" (71 F. at 168), without excepting commerce with England.

(4) There are also other cases, with which the decision herein conflicts.

Thus in *Wyckoff v. Howe Scale Co.*, D. Vt. 110 F. 520, reversed on other grounds 2 Cir. 122 F. 348, 198 U. S. 118,

the District Court granted an injunction against the use of an infringing name. It does not appear from the opinions that any limitation was placed upon the injunction, the Appellate Courts having reversed for other reasons. In overruling a motion to suppress testimony, with respect of use of the infringing name in foreign countries, the District Court said, 522:

“* * * As this is a suit for interference in trade, the boundaries of the dealing, and not of governments or countries, is material. There is said to be a difference between the laws of this country and those of some of the countries in question; but the laws of those countries would not govern or vary the rights of parties here in respect to transactions emanating from here, although carried out there. * * *”

In *Morris v. Alstedter*, 93 Misc. 329, 156 N. Y. S. 1103, affirmed without opinion, 1st Dept., 173 App. Div. 932, 158 N. Y. S. 1123, plaintiffs and defendant were all residents of New York. Defendant owned a business in Canada, which was managed there by an agent of defendant. Defendant caused to be manufactured in Canada and sold in Canada goods in packages which were an imitation of the packages used by plaintiffs for their goods manufactured by plaintiffs in New York and sold in the United States, Canada and other foreign countries. Defendant claimed that plaintiffs were not entitled to an injunction because his goods were not manufactured or sold in the United States and because plaintiffs' trademark was not registered in Canada. In granting an unlimited injunction, the Court followed the *Vacuum Oil* case and pointed out at page 331 that *defendant did not deny that the proceeds of the sale of the goods in Canada were received by defendant in the United States.*

(5) The same doctrine is also declared by authoritative text-writers.

Thus in Hopkins' *The Law of Trademarks, Tradenames, and Unfair Competition* (4th Ed.) it is said, page 348:

"Where goods bearing an infringing mark are in possession of the defendant within the jurisdiction, though intended for exportation, the jurisdiction of the Court is complete and relief will be granted". (Citing *Orr-Ewing & Co. v. Johnston & Co.*, 13 Ch. D. 434; 7 App. Cas. 219).

In Kerly's *The Law of Trademarks and Tradenames*, (4th Ed.), it is said, page 434:

"it is of course sufficient if goods are spuriously marked by him in this country for export". (Citing *Orr-Ewing & Co. v. Johnston & Co.* 13 Ch. D. 434; 7 App. Cas. 219).

E.

In so limiting the injunction and accounting, the decision is also in conflict with decisions in analogous cases in the Second Circuit and in this Court.

In copyright and patent cases it is also the rule that, where the infringing articles are shipped from the United States to a foreign country, complete relief will be granted by our Courts to the owner of the copyright or patent, even though such foreign country may not recognize such owner's right.

Thus, in *Sheldon, et al., v. Metro-Goldwyn Pictures Corporation, et al.*, 2 Cir. 106 F. (2d) 45, affirmed, 309 U. S. 390, plaintiffs sued for infringement of copyright by the exhibition of a motion picture both in the United States and foreign countries. Positives of the film were made in the foreign countries from negatives shipped by defendants from the United States. The Court held defendants liable for infringement, and included an award of

profits made through exhibition in foreign countries, even though the laws of those countries might not have recognized plaintiff's right under our laws, Judge Learned Hand said, 52:

“(10-12) (3) The next point is whether to include the profits made from exhibiting the infringing pictures outside the United States. At first blush it would indeed seem that these should be excluded. The plaintiffs made no proof of foreign law, and we cannot say that the exhibition of the positives abroad was a tort. However, exhibition is not the only act forbidden by the Copyright Act; Section 1(d), 17 U. S. C. A. §1(d), gives to the author the exclusive right, not only to perform a dramatic work, but ‘to make * * * any transcription or record thereof * * * from which, in whole or in part, it may in any manner * * * be * * * reproduced.’ The Culver Company made the negatives in this country, or had them made here, and shipped them abroad, where the positives were produced and exhibited. The negatives were ‘records’ from which the work could be ‘reproduced’, and it was a tort to make them in this country. The plaintiffs acquired an equitable interest in them as soon as they were made, which attached to any profits from their exploitation, whether in the form of money remitted to the United States, or of increase in the value of shares of foreign companies held by the defendants. *We need not decide whether the law of those countries where the negatives were exploited, recognized the plaintiffs’ equitable interest; we can assume arguendo that it did not*, for, as soon as any of the profits so realized took the form of property whose situs was in the United States, our law seized upon them and impressed them with a constructive trust, whatever their form. Compare *Goulds Manufacturing Co. v. Cowing*, 105 U. S. 253, 26 L. Ed. 987; *Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.*,

supra, 235 U. S. 641, at page 650, 35 S. Ct. 221, 59 L. Ed. 398." (Emphasis supplied.)

In *Ketchum Harvester Co. v. Johnson Harvester Co.*, N. D. N. Y., 8 F. 586, Judge Blatchford said, 586-587:

"* * * Although the patent could give no protection abroad in the sale of machines abroad, it gave protection in the United States in making machines in the United States for sale abroad. The patent prevented all persons but the patentee from making in the United States. *The privilege of making in the United States, for sale abroad, was valuable, as was shown by the fact that the defendant made in the United States for sale abroad.* The plaintiff was entitled to that privilege exclusively, and to damages for its violation. It may be that in the case of manufacture in the United States, without sale anywhere, nominal damages only are to be allowed; but where such manufacture is followed by sale abroad, it cannot be said that the damages ought to be only nominal. It is true that the sale is the fruition, and gives the profit, and that the sale is abroad, and the patent does not cover the sale abroad. But the unlawful act of making is made hurtful by a sale wherever made. The legal damages for making and selling here may be, in some cases, greater than the legal damages for making here and selling abroad; but to deprive the patentee of all damages for unlawful making here, because the article is sold abroad, is to deprive him of part of what his patent secures to him." (Emphasis supplied.)

See, also, *Dowagiac Mfg. Co. vs. Minnesota Plow Co.*, 235 U. S. 641, 650.

II.

The decision of the Circuit Court of Appeals in respect of the so-called class (c) foreign countries is founded on a misapprehension both of the facts and of the law.

A.

The Court misapprehended the facts.

The Circuit Court of Appeals, in its opinion, states that, although the complaint alleges that petitioner's trademark and respondents' trademark and corporate name are used in interstate and foreign commerce, there is no allegation in the complaint or any finding of fact as to the specific foreign countries in which the parties have done business (417).

Such allegation and finding were unnecessary, it not being disputed, and it having been found (443-444), that petitioner and respondents are using their respective marks in interstate and foreign commerce, and such finding of use in foreign commerce being enough in view of what we have said under point I *supra*.

But aside from that, the Court has overlooked the fact that the record actually shows a world-wide use of petitioner's trademark (76, 411) including specifically, among other foreign countries, Costa Rica, Guatemala, Honduras, Mexico, Nicaragua, Salvador and all of Central America; Argentina, Brazil, Chile, Colombia, Ecuador, Peru, Uruguay, Venezuela, and all of South America; Australia, Canada, China, Cuba, England, France, Greece, India, New Zealand, Northern Ireland, Norway, Spain, Sweden, Trinidad, Turkey (74-80, 110-115, 149-150, 411 Def. Ex. 13, 14A-14E, 15, 16, 17, 29, 30, 36).

Moreover, petitioner's trademark has been so widely and extensively advertised that its reputation as the lead-

ing lipstick on the market has been projected into every corner of the world (Pl. Ex. 13, 14A-14E, 15, 381-392). In fact, in one of the very foreign decisions (Mexican) relied on by respondents it is stated that petitioner's trademark has been heavily advertised not only in the United States but in all other countries (Def. Ex. W9).

The extent of the Circuit Court's misconception of the facts is typified by its statement that

"if the defendants are doing business in Turkey, for example, but the plaintiff has never extended its trade to that country and there is no evidence that it is likely to do so, plaintiff has not been damaged by the defendants' Turkish business and is not entitled to restrain its continuance or to an accounting for damages and profits with respect to sales made there" (473-474).

The record actually shows that Turkey is one of the specific countries in which sales have been made by petitioner (113-114).

The classification, characterized as class (c) countries, is, both in fact and in law, solely the creature of the Circuit Court of Appeals—a classification injected into the case for the first time by the opinion of that Court.

B.

The Court misapprehended the law.

(1) The legal ground upon which the Court based its decision as to the class (c) countries is stated by the Court as follows (473):

"And it is well established that the right to a particular mark grows out of its use not its mere adoption, and is not the subject of property except in connection with an existing business. *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, 412-414; *United Drug Co. v. Rectanus Co.*, 248 U. S. 90, 98-100."

We have already shown why this statement in the Court's opinion does not fit the facts of this case, since petitioner has shown a world-wide use of its trademark.

(2) But there are other reasons why such statement of the Court and the two cases cited in support thereof, have no application to the case at bar. (a) In the *Hanover* and *United Drug* cases the Court held that the second adopter had adopted and used its mark in *good faith* in one section of the United States in *ignorance* of the other party's prior adoption of a like mark and use of it in another section of the United States. In the case at bar, respondents adopted their trademark in *bad faith*, with knowledge of petitioner's prior use of its trademark and with *intent* to infringe and unfairly compete with petitioner in the same commerce (444-448). In addition, the respondents, like the petitioner, conduct their business in and from New York. (b) The *Hanover* and *United Drug* cases dealt with the rights of the parties within the borders of the United States and not with rights of the parties in respect of foreign commerce. (c) The *Hanover* and *United Drug* cases were based *solely* upon *common law rights* and not upon *statutory rights*.

Moreover, this Court clearly indicated in the *Hanover* and *United Drug* cases that an injunction in favor of the first adopter is proper as to territory not yet reached by the first adopter but already occupied by the second adopter, if the second adopter has been guilty of *unfair competition*, that is, if "the second adopter has selected his mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like" (240 U. S. at 403, 415; 248 U. S. at 101).

Consequently, even if petitioner had not used its mark at all in foreign commerce it would still have been entitled

to the general injunction and accounting granted by the District Court, not only because of its statutory rights, but also because of respondents' *bad faith* in adopting their mark and corporate name, with knowledge of petitioner's prior use of its trademark and with *intent* to infringe and unfairly compete with petitioner (444-448).

(3) The Circuit Court of Appeals also has cited two other cases in support of its decision as to the class (c) countries, the first of which clearly has no application, and the second of which actually is an authority in favor of petitioner.

Thus, in *Standard Oil Co. of Maine v. Standard Oil Co. of N. Y.*, 1 Cir., 45 F. (2d) 309, an action involving common law rights, the Court limited the injunction to states where plaintiff was operating, because plaintiff was only one of several unrelated Standard Oil companies operating in various parts of the United States, each having the right to use the name in its own territory.

In *Orr-Ewing & Co. v. Johnston & Co.*, 13 Ch. Div. 434 (1880) also an action at common law, defendant exported its goods bearing the infringing trademark from England to India, Aden and Madras. The Trial Court granted a general injunction, which was unanimously affirmed by the Court of Appeal, composed of three Lord Justices. Two of the Lord Justices did not disapprove the generality of the injunction. The third, Lord Justice Cotton (whose opinion alone was relied upon by the Court herein) merely stated that if defendant's label could be used reasonably in any other part of the world he might have been inclined to limit the injunction.

The decision of the Court of Appeal in the *Orr-Ewing* case was unanimously affirmed by the House of Lords (7 App. Cas. 219) which, also, did not disapprove the generality of the injunction, although it deleted, upon consent

of both sides, certain language in the injunction not material here. Hence, this case is actually an authority in favor of the generality of the injunction herein.

(4) Furthermore, immediately preceding the above-quoted portion of the opinion of the Court below, the Court also stated (473):

“The Trademark Act creates no new substantive rights in those who register their marks.”

If this holding means that the right to a general injunction and accounting herein is not a right to which petitioner is entitled under the Act of 1905, we submit that such holding is in conflict with what we have said under Point I, *supra*, and with other applicable Federal decisions.

Thus, in *Philco Corp. v. Phillips Mfg. Co.*, 7 Cir., 133 F. (2d) 663, the Court said, 668:

“* * * there are statements in many cases that by enacting the statute Congress did not create ‘substantive rights,’ but only ‘procedural rights.’ * * *

“(5) It is our opinion that Congress did create substantive rights in trade-marks by the passage of the Act of 1905. * * *

In a footnote to the opinion in the *Philco* case, also appearing at page 668, the Court said:

“² *Hanover Star Milling Co. v. Metcalf*, 240, U. S. 403, 36 S. Ct. 357, 60 L. Ed. 713; and *United Drug Co. v. Theodore Rectanus Co.*, 248 U. S. 90, 39 S. Ct. 48, 63 L. Ed. 141, are sometimes cited to support the contrary position, that Congress has no power to create substantive rights in trade-marks. But these cases involved only State common law trade-marks, not trade-marks registered under the Act of 1905. And in fact the Supreme Court suggested in the *Rectanus* case that Congress did have the power.

See Zlinkoff, *Erie v. Tompkins*: In Relation to the Law of Trade-Marks and Unfair Competition (1942) 42 Col. L. Rev. 955, 977, n. 90."

Armstrong Co. v. Nu-Enamel Corp., 305 U. S. 315, 324, cited by the Court herein, was an action under the Act of 1920, and has no application here. Another case so cited is *Mishawaka Rubber Co. v. S. S. Kresge Co.*, 6 Cir., 119 F. (2d) 316, 322, reversed on other grounds, 316 U. S. 203. In citing the opinion of the Sixth Circuit in that case, the Court below apparently overlooked the holding of this Supreme Court in the same case, 316 U. S. at 205:

"The 'right to be protected against an unwarranted use of the registered trademark has been made a *statutory right*' by that Act. *Thaddeus Davids Co. v. Davids Mfg. Co.*, 233 U. S. 461, 471" (Emphasis supplied).

Conclusion.

The petition for a writ of certiorari, as prayed for, should be granted.

Dated, August 14, 1944.

Respectfully submitted,

CHARLES H. TUTTLE,
GERALD J. CRAUGH,
Counsel for Petitioner.

BREED, ABBOTT & MORGAN,
Attorneys for Petitioner,
15 Broad Street,
New York 5, N. Y.

Appendix.

Sections 16, 19, 20, 27, of the Act of 1905 (15 U. S. C. A. §§96, 99, 100 and 106) read as follows:

§96. Evidence of ownership; infringement, and damages therefor.

“The registration of a trade-mark under the provisions of this subdivision of this chapter shall be prima facie evidence of ownership. Any person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy, or colorably imitate any such trade-mark and affix the same to merchandise of substantially the same descriptive properties as those set forth in the registration, or to labels, signs, prints, packages, wrappers, or receptacles intended to be used upon or in connection with the sale of merchandise of substantially the same descriptive properties as those set forth in such registration, and shall use, or shall have used, such reproduction, counterfeit, copy, or colorable imitation, in commerce among the several States, or with a foreign nation, or with the Indian tribes, shall be liable to an action for damages therefor at the suit of the owner thereof; and whenever in any such action a verdict is rendered for the plaintiff, the court may enter judgment therein for any sum above the amount found by the verdict as the actual damages, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs. Feb. 20, 1905, c. 592, §16, 33 Stat. 728.”

“§99. Injunctions; recovery and assessment of damages.

“The several courts vested with jurisdiction of cases arising under this subdivision of this chapter shall have power to grant injunctions, according to

the course and principles of equity, to prevent the violation of any right of the owner of a trade-mark registered under said subdivision, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for wrongful use of a trade-mark the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction. The court shall have the same power to increase such damages, in its discretion, as is given by section 96 of this chapter for increasing damages found by verdict in actions of the law; and in assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost which are claimed. Feb. 20, 1905, c. 592, §19, 33 Stat. 729."

"§100. Destruction of infringing labels; service of injunction, and proceedings for enforcement.

"In any case involving the right to a trade-mark registered in accordance with the provisions of this subdivision of this chapter, in which the verdict has been found for the plaintiff, or an injunction issued, the court may order that all labels, signs, prints, packages, wrappers, or receptacles in the possession of the defendant, bearing the trade-mark of the plaintiff or complainant, or any reproduction, counterfeit, copy, or colorable imitation thereof, shall be delivered up and destroyed. Any injunction that may be granted upon hearing, after notice to the defendant, to prevent the violation of any right of the owner of a trade-mark registered in accordance with the provisions of this subdivision of this chapter, by any district court of the United States, or by a judge thereof, may be served on the parties against whom such injunction may be granted anywhere in the United States where they may be found,

and shall be operative, and may be enforced by proceedings to punish for contempt, or otherwise, by the court by which such injunction was granted, or by any other district court, or judge thereof, in the United States, or by the Supreme Court of the District of Columbia, or a judge thereof. The said courts, or judges thereof, shall have jurisdiction to enforce said injunction, as herein provided, as fully as if the injunction had been granted by the district court in which it is sought to be enforced. The clerk of the court or judge granting the injunction shall, when required to do so by the court before which application to enforce said injunction is made, transfer without delay to said court a certified copy of all the papers on which the said injunction was granted that are on file in his office. Feb. 20, 1905, c. 592, §20, 33 Stat. 729; Mar. 3, 1911 c. 231, §291, 36 Stat. 1167; June 25, 1936, c. 804, 49 Stat. 1921."

"§106. *Articles imported, simulating trade name or trade-mark, not admitted to entry.*

No article of imported merchandise which shall copy or simulate the name of any domestic manufacture, or manufacturer or trader, or of any manufacturer or trader located in any foreign country which, by treaty, convention, or law affords similar privileges to citizens of the United States, or which shall copy or simulate a trade-mark registered in accordance with the provisions of this subdivision of this chapter, or shall bear a name or mark calculated to induce the public to believe that the article is manufactured in the United States, or that it is manufactured in any foreign country or locality other than the country or locality in which it is in fact manufactured, shall be admitted to entry at any customhouse of the United States; and, in order to aid the officers of the customs in enforcing this prohibition, any domestic manufacturer or trader, and any foreign manufacturer or trader, who is entitled

under the provisions of a treaty, convention, declaration, or agreement between the United States and any foreign country to the advantages afforded by law to citizens of the United States in respect to trade-marks and commercial names, may require his name and residence, and the name of the locality in which his goods are manufactured, and a copy of the certificate of registration of his trade-mark, issued in accordance with the provisions of this subdivision of this chapter, to be recorded in books which shall be kept for this purpose in the Department of the Treasury, under such regulations as the Secretary of the Treasury shall prescribe, and may furnish to the department facsimiles of his name, the name of the locality in which his goods are manufactured, or of his registered trade-mark; and thereupon the Secretary of the Treasury shall cause one or more copies of the same to be transmitted to each collector or other proper officer of customs. Feb. 20, 1905, c. 592, §27, 33 Stat. 730."

Section 526 of the Tariff Act of 1930 (19 U. S. C. A. §1526).

"§1526. *Merchandise bearing American trade-mark—importation prohibited.*

(a) It shall be unlawful to import into the United States any merchandise of foreign manufacture if such merchandise, or the label, sign, print, package, wrapper, or receptacle, bears a trade-mark owned by a citizen of, or by a corporation or association created or organized within, the United States, and registered in the Patent Office by a person domiciled in the United States, under the provisions of sections 81 to 109 of Title 15, and if a copy of the certificate of registration of such trade-mark is filed with the Secretary of the Treasury, in the manner provided in section 106 of said Title 15, unless written consent

of the owner of such trade-mark is produced at the time of making entry.

SEIZURE AND FORFEITURE

(b) Any such merchandise imported into the United States in violation of the provisions of this section shall be subject to seizure and forfeiture for violation of the customs laws.

INJUNCTION AND DAMAGES

(c) Any person dealing in any such merchandise may be enjoined from dealing therein within the United States or may be required to export or destroy such merchandise or to remove or obliterate such trade-mark and shall be liable for the same damages and profits provided for wrongful use of a trade-mark, under the provisions of such sections 81 to 109 of Title 15. (June 17, 1930, c. 497, Title IV, §526, 46 Stat. 741.)”

Excerpts from the U. S. Customs Regulations of 1943.*

“11.14 *Trade-marks and trade names; prohibition of importation.*—(a) The importation of merchandise of foreign or domestic manufacture is prohibited if such merchandise bears a name or mark which copies or simulates a trade-mark or trade name entitled to the protection of the Trade-Mark Act of February 20, 1905 (33 Stat. 724; 15 U. S. C. ch. 3), or the Trade-Mark Act of March 19, 1920 (41 Stat. 533; 15 U. S. C. ch. 3), unless such merchandise is imported by or for the account of, or with the written consent of, the owner of the protected trade-mark or trade name.

(b) A name or mark (including a name or mark which is a genuine trade-mark or trade name in a

* The Customs Regulations for prior years contained substantially identical provisions.

foreign country) on an article of foreign manufacture identical with a trade-mark or trade name protected by the trade-mark laws of the United States, as well as a name or mark on an article of foreign or domestic manufacture counterfeiting such protected trade-mark or trade name, or so resembling such protected trade-mark or trade name as to be likely to cause confusion or mistake in the minds of the public or to deceive purchasers, shall be deemed for the purposes of the regulations in this part to copy or simulate such protected trade-mark or trade name. However, merchandise manufactured or sold in a foreign country under a trade-mark or trade name, which trade-mark is registered and recorded, or which trade name is recorded under the trade-mark laws of the United States, shall not be deemed for the purpose of the regulations in this part to copy or simulate such United States trade-mark or trade name if such foreign trade-mark or trade name and such United States trade-mark or trade name are owned by the same person, partnership, association, or corporation. (Secs. 526, 624, 46 Stat. 741, 759; sec. 27, 33 Stat. 730; sec. 3, 34 Stat. 169; sec. 18, 49 Stat. 1811, R. S. 161; 19 U. S. C. 1624, 15 U. S. C. 106, 132, 48 U. S. C. 1405q, 5 U. S. C. 22.)”

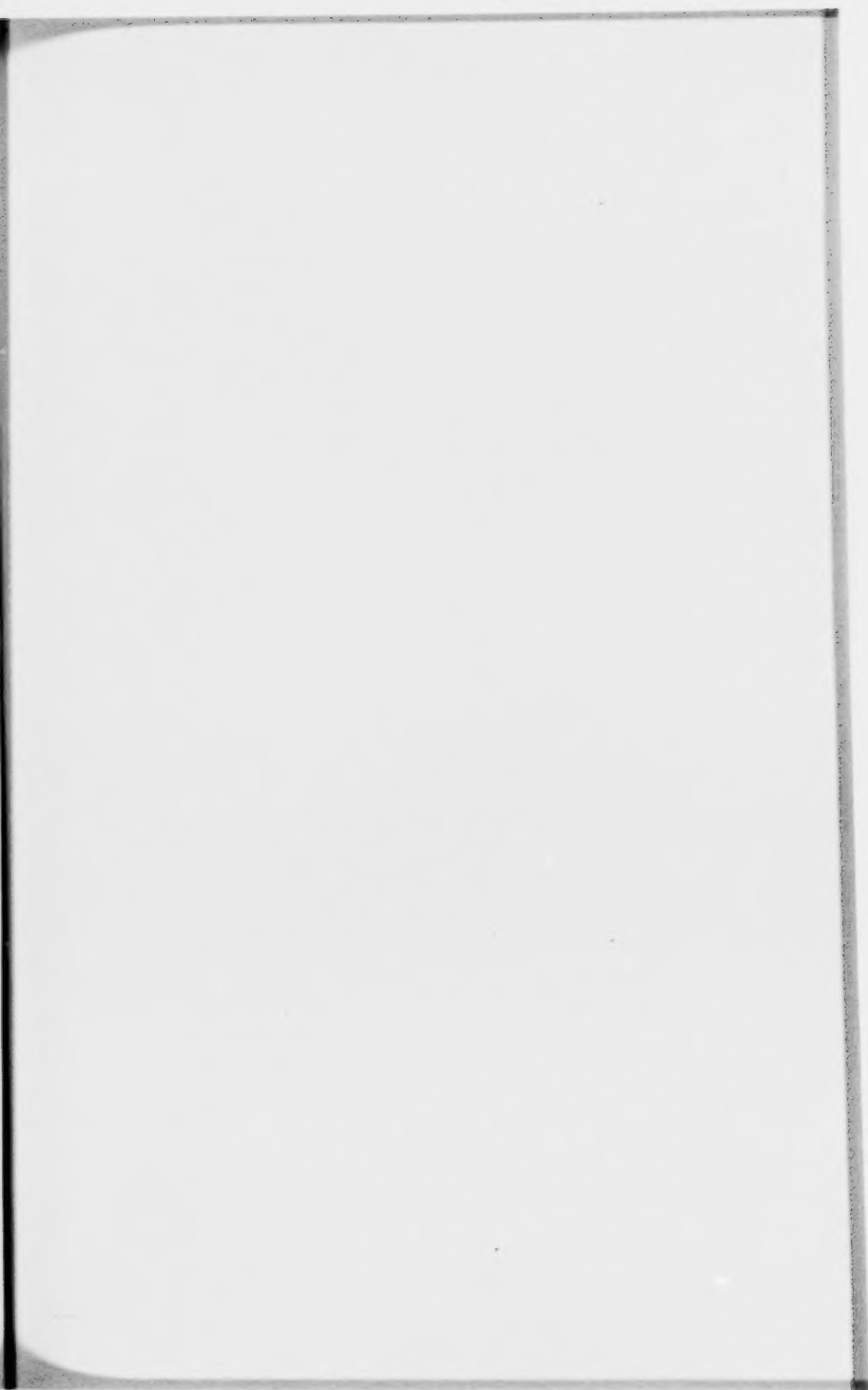
“11.17 *Detention; seizure; exportation; release.*
 —(a) Merchandise of foreign manufacture which bears a trade-mark entitled to the protection of section 526, Tariff Act of 1930, and merchandise which bears a mark or name copying or simulating a trade-mark or trade name entitled to the protection of section 27, Trade-Mark Act of February 20, 1905 (15 U. S. C. 106), or section 6, Trade-Mark Act of March 19, 1920 (15 U. S. C. 107, 126), if not imported by or for the account of, or with the appropriate written consent of, the owner of the United States trade-mark or trade name, shall be detained, but not seized, until 30 days have elapsed from the date of notice to

the importer that the merchandise is prohibited importation.

(b) Whenever merchandise is detained in accordance with the foregoing provisions of this section and the written consent of the owner of the trade-mark or trade name to the importation of the merchandise is not presented to the collector prior to the expiration of the 30-day period, the merchandise shall be seized and forfeited in the usual manner, except that in any such case within the purview of section 23.25 the collector may release the merchandise, but only upon the condition that the name, mark, or trade-mark be removed or obliterated prior to the release, or that the merchandise be exported under customs supervision and without expense to the Government. If the case is not within the purview of section 23.25, the importer may petition the Commissioner of Customs, through the collector, for the release of, or permission to export, the merchandise under the same conditions.

(c) Merchandise forfeited for violation of any trade-mark law may be disposed of in accordance with the procedure applicable to other customs forfeitures, but only after removal or obliteration of the name, mark, or trade-mark by reason of which the goods were seized.

(d) If the violation is not discovered until after entry and deposit of estimated duty, the entry shall be endorsed with an appropriate notation, the duty refunded as an erroneous collection, and the merchandise disposed of in accordance with the foregoing provisions of this section. Secs. 526, 624, 46 Stat. 741, 759; sec. 27, 33 Stat. 730, sec. 3, 34 Stat. 169, sec. 18, 49 Stat. 1811, R. S. 161; 19 U. S. C. 1526, 1624, 15 U. S. C. 106, 1321, 48 U. S. C. 1405q, 5 U. S. C. 22.)”





19
SEP 30 1944

CHARLES ELMORE CROPLEY
CLERK

Supreme Court of the United States

OCTOBER TERM 1944

No. 347

THE GEORGE W. LUFT COMPANY, INC.,
Petitioner,

against

ZANDE COSMETIC CO., INC., and ARISTIDES TSIRKAS,
Respondents.

RESPONDENTS' OPPOSING BRIEF

FREDERICK L. KANE,
Attorney for Respondents,
70 Pine Street,
New York 5, N. Y.

MAURICE J. MOORE,
S. MORTIMER WARD, JR.,
on the Brief.



INDEX

POINTS:

	PAGE
I. Reply to Petitioner's Statement of Matter Involved	1
II. The Decision of the Circuit Court of Appeals on the Respondents' Foreign Business....	4
III. It would not be expedient or satisfactory for the Supreme Court to review any of the questions involved in this case, in its present stage	8

CASES CITED

<i>American Construction Co. v. Jacksonville</i> , 148 U. S. 372	8
<i>Dowagiac Mfg. Co. v. Minnesota Plow Co.</i> , 235 U. S. 641	7
<i>Hamilton-Brown Shoe Co. v. Wolf</i> , 240 U. S. 251, 258	8
<i>Hanover Star Milling Co. v. Metcalf</i> , 240 U. S. 403, 416	6, 8
<i>Ketcham Harvester v. Johnson</i> , 8 F. 586.....	7
<i>Michel Cosmetics, Inc. v. Tsirkas</i> , 282 N. Y. 195....	3
<i>Mishawaka Rubber & Woolen Mfg. Co. v. Kresge Co.</i> , 316 U. S. 203	2, 7, 8
<i>Sheldon v. Metro-Goldwyn Pictures</i> , 106 F. 2d 45...	7

MISCELLANEOUS.

Robertson and Kirkham on "Jurisdiction of the Supreme Court"	8, 9
Trade Mark Act, Section 99	6



Supreme Court of the United States

OCTOBER TERM 1944.

No. 347.

THE GEORGE W. LUFT COMPANY, INC.,
Petitioner,
against

ZANDE COSMETIC CO., INC., and
ARISTIDES TSIRKAS,
Respondents.

RESPONDENTS' OPPOSING BRIEF

I.

Reply to Petitioner's Statement of Matter Involved.

This was an action for trade-mark infringement and unfair competition based upon the alleged confusing similarity of respondents' trade-marks "Zande" and "Viz-Zan-De" to petitioner's name "Tangee", in the selling of lipsticks. The District Court held that the mark "Viz-Zan-De" was not an infringement, but that there was a likelihood of confusion of the name "Zande" with "Tangee". The respondent corporation started to use the mark "Zande" in the early part of 1935, almost entirely in foreign markets.

Figures in parentheses refer to pages of the Record.

This action was not commenced until March 1941; the trial took place in October 1942.

The essential allegation in the complaint was that the use of the mark "Zande" by the respondents was "calculated to mislead the purchasing public into the belief" that the respondents' merchandise was that of the petitioner (5).

Although the mark "Zande" had been used for over seven years prior to the trial, there was not only no evidence of actual deception or confusion, but it appears that petitioner never heard of anyone who was misled by the name "Zande" into believing that she was buying Tangee merchandise (331 et seq.). The finding of likelihood of confusion, therefore, was based wholly upon a "subjective appraisal". There was also no evidence of the respondents' having dealt with petitioner's customers, of any underselling or any disparagement of the petitioner's product. Under these circumstances, and considering that the purchase of a lipstick involves special discrimination, it might be found difficult, as the dissenting Justices in the *Mishawaka* case stated, "to conclude that there were substantial probabilities of deception." (*Mishawaka Rubber & Woolen Mfg. Co. v. Kresge Co.*, 316 U. S. 203.)

Although petitioner, in this application, refers to the "intentional piracy" of the respondents, there was none of the usual extrinsic evidence of intent. As a matter of fact, indications were contrary. The Tangee lipstick is known principally as a Broadway "theatrical" lipstick (51). In 1935, when the respondent corporation started in business, over seventy per cent of the Tangee business was domestic (393). Nevertheless, the respondent corporation confined its efforts to the cultivation of foreign business almost exclusively, principally in South America, and extending to China, Japan, Egypt and Africa (418 et seq.) and other places where the petitioner did little or no business. Substantially all of respondents' business under the name "Zande" has been conducted in foreign markets where it has been determined that "Zande" did not infringe "Tangee".

To support its claim of wrongful intent on the part of the respondents, petitioner quotes from the case of *Michel Cosmetics, Inc. v. Tsirkas*, 282 N. Y. 195. As a matter of fact, the record in the *Michel* case was excluded by the District Court (436) and the petitioner took no appeal from this ruling. The New York Court of Appeals, in the case referred to, unanimously reversed the money judgment obtained against the defendants in March 1940, and to date no money judgment has ever been obtained in that case.

Although no action for an injunction was started in the United States until this action in 1941, the petitioner and its assignor have been in trade-mark litigation with Zande all over the world since March 1935, in most of which Tangee has been unsuccessful. The petitioner boasts that it is the "largest selling lipstick in the market". Respondents' total gross business from 1935 to 1942, spread all over the world, was less than \$300,000, of which not over two per cent was domestic (426, 471). The petitioner, with unlimited financial resources, is attempting in this action to prevent the respondents from doing business in foreign countries where it has been finally determined, over petitioner's opposition, that there was no infringement, no likelihood of the purchasing public being misled, and no unfair competition (471).

There is a note on page 12 of petitioner's brief that is somewhat misleading. At the time of the entry of the interlocutory decree, it was suggested that, rather than direct the destruction of the metal containers possessed by respondents, the court direct the obliteration of the name "Zande". The District Court struck out the provision for destruction of containers, etc., but made no other direction (449). As a matter of fact, the Circuit Court of Appeals granted a stay of the injunctive and accounting provisions of the interlocutory judgment, pending appeal (461).

II.

**The Decision of the Circuit Court of Appeals
on the Respondents' Foreign Business.**

The District Court found against the respondents on all points, except that the name "Viz-Zan-De" was not an infringement, and granted a decree with unlimited injunctive and accounting provisions (451-453).

Respondent corporation, prior to the trial, had procured copies of records of the trade-mark litigations between the parties in certain foreign countries, in many of which, including Brazil, Mexico and Venezuela, it had been finally determined that Zande did not infringe Tangee. Because of petitioner's refusal to make any concession as to authenticity under Rule 36 of the Rules of Civil Procedure, the respondent was compelled to go to considerable expense to get exemplified copies and translations of these records. They were offered in evidence at the trial and an expert was produced to testify as to their legal effect (252 et seq.). They were introduced not on the question of confusing similarity in the United States, but on the scope of the injunction and accounting, if decreed. The petitioner objected and the Trial Court reserved decision, but in deciding the case later, excluded all of the records as irrelevant and immaterial (437).

On appeal to the Circuit Court of Appeals, the respondents claimed that this ruling of the District Court was error. The petitioner has not stated clearly what the Circuit Court decided on this point.

In the first place, the Circuit Court decided definitely that the ruling of the District Court, holding these foreign records to be irrelevant and inadmissible, was erroneous, and that the records should have been received, being relevant and admissible on the scope of the injunction and accounting (470 et seq.). It seems that petitioner, on this application, does not contend that this ruling of the Circuit Court was error.

Secondly, the Circuit Court has directed that the Special Master, named in the decree, should consider this evidence of foreign trade-mark proceedings, and any additional evidence that may be offered, as the basis of a report to the District Court "on the proper scope of the injunction as well as on the accounting" (474). Apparently, the petitioner on this application does not contend that this latter ruling of the Circuit Court, broadening the reference to the Special Master, was erroneous.

Thirdly, the Circuit Court went on to explain in what connection the evidence of foreign proceedings was relevant for the enlightenment and direction of the Special Master and the District Court, in their further consideration of the scope of the decree. The Circuit Court made a classification of foreign business, and it is concerning this classification that petitioner now seeks review by this Court. The opinion of the Circuit Court on that classification reads as follows:

"* * * As to the foreign business, the evidence which the district court excluded as irrelevant bears upon a classification that we regard as relevant, as follows: (a) countries where both parties are doing business and the defendants have established their right by the local law to use the name 'Zande', (b) countries where both parties are doing business and the defendants have not established such right; and (c) countries where the defendants are doing business and the plaintiff has not proved that it has ever done business or is likely to do it" (471).

The attitude of petitioner concerning this classification seems to be as follows:

(a) That the opinion of the Circuit Court with respect to respondents' business in countries falling within class (a), is erroneous, without precedent, and conflicts with decisions of the Circuit Courts and this Court.

It may be necessary here to direct attention to precisely what the Circuit Court stated on this point, namely, that the problem really was whether, according to the "principles

of equity", as provided in Section 99 of the Trade Mark Act, a court of equity should interfere with the activities of the respondents in the United States, which are exclusively concerned with business in foreign countries where it has been declared that the respondents' mark is not an infringement of that of petitioner. The Circuit Court has expressed, as its opinion, that it does not see upon what "principles of equity" a court can enjoin the initiation of acts in the United States, which constitute no wrong to the petitioner in the country where they are to be consummated, and *a fortiori*, the Court cannot perceive upon what theory petitioner can recover damages for such acts (473). It is important to note that the Circuit Court *then leaves for the determination of the District Court what countries come within this classification* (473). It would seem that orderly procedure would require this determination to be made in a modified Interlocutory Decree based upon a report from the Special Master. The function of the Special Master under the original decree is only to inquire into profits and damages (452).

(b) With respect to class (b) countries, petitioner finds no fault, and apparently, now agrees that the Circuit Court was right in admitting the evidence of foreign proceedings as far as they apply to countries in this class.

(c) With respect to class (c) countries, as we understand it, petitioner contends that there is no basis in fact in the case for this class of countries; that it was "solely the creature of the Circuit Court of Appeals" (Petitioner's Brief, p. 33). Of course, if this be the fact, it will presumably be so found upon the introduction of evidence before the Special Master, and this question will then be wholly academic. There is nothing novel about the opinion of the Circuit Court on this class. It is based upon well established precedent. *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, 416.

In the above discussion, because of our attitude, as set forth in the following point, we have attempted only to

clarify for this Court what we understand actually to be the rulings of the Circuit Court of Appeals on this matter of foreign business. We fail to see how this Court could ever come to the conclusion that "principles of equity" necessitate or justify enjoining the respondents from shipping goods for sale in countries where it has been finally determined, over the opposition of the petitioner, that the mark "Zande" is not an infringement of the mark "Tangee". After all, the primary purpose of trademark law is the protection of the trade, rather than the mark. We especially cannot see how this Court could ever come to the conclusion, in view of the language of the prevailing opinion in the *Mishawaka* case, that the petitioner should be entitled to the profits which the respondents have made on merchandise already sold in those countries. This Court, in that case, said:

"* * * The plaintiff of course is not entitled to profits demonstrably not attributable to the unlawful use of his mark".

Mishawaka Rubber Co. v. Kresge, 316 U. S. 203.

The petitioner has failed to demonstrate that the rulings of the Circuit Court in respect to the admissibility and the relevancy of the foreign trade-mark proceedings, are erroneous or are in conflict with any other authoritative decisions. All of the important trade-mark cases cited by the petitioner in its brief received the careful consideration of the Circuit Court, which had this case under deliberation for five months. The cases of *Sheldon v. Metro-Goldwyn Pictures*, 106 F. 2d 45, *Ketcham Harvester v. Johnson*, 8 F. 586, and *Dowagiac Mfg. Co. v. Minnesota Plow Co.*, 235 U. S. 641, cited in petitioner's brief, on pages 29 and 31, are cases involving patents or copyrights, and, for that reason, as well as others, are not in point.

III.

It would not be expedient or satisfactory for the Supreme Court to review any of the questions involved in this case, in its present stage.

The judgment reviewed by the Circuit Court of Appeals was only an interlocutory judgment. It is well settled that this Court, only in very exceptional circumstances, will review an interlocutory judgment.

Hamilton-Brown Shoe Co. v. Wolf, 240 U. S. 251, 258;

Robertson and Kirkham on "Jurisdiction of the Supreme Court", page 210.

In the case of *American Construction Co. v. Jacksonville*, 148 U. S. 372, this Court stated that interlocutory decrees will not be reviewed unless "it is necessary to prevent extraordinary inconvenience and embarrassment in the conduct of the cause".

Petitioner cites only two cases on this question of jurisdiction, *Mishawaka Rubber & Woolen Mfg. Co. v. Kresge*, 316 U. S. 203, and *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403. In the latter case, the situation was decidedly exceptional. Circuit Courts in different circuits had already made conflicting decisions on the same trade-mark. The *Mishawaka* case involved an extensive accounting, running into large amounts; the interlocutory decree, at least, was in final shape. Not only the rationale of the accounting, but its application to the case had been determined. To proceed with an accounting on that basis would have necessitated great expense, embarrassment and inconvenience. This Court divided sharply on the question reviewed.

The respondents believe that both the District Court and the Circuit Court of Appeals were in error, in concluding that there was confusing similarity between the

marks "Tangee" and "Zande", where it seems to be conceded that in the period from 1935 to 1942 there was in fact no deception, confusion or "palming-off". They believe that both Courts were especially in error in directing any accounting at all, under all the circumstances of this case, and with no showing whatsoever of damage. In our opinion, at least the latter question may be of sufficient importance in the construction of the Federal Trade-Mark Law to justify review by this Court. For that reason we had considered filing a petition for a cross writ and obtained an extension of time for that purpose. After further consideration, we have concluded that there is nothing at this time sufficiently definitive in this case, upon which to present it to this Court. If a writ were granted now, upon a subsequent full examination of the record it might be dismissed as improvidently granted because the record on the questions suggested is not complete.

Robertson and Kirkham *supra* pages 554-556.

At the present stage of this case, in our opinion, there is serious doubt whether there is even an interlocutory decree. The final word of the Circuit Court on this question is as follows:

"We do not think it desirable for this court to attempt to recast the decree with complete particularity. In so far as it relates to domestic business it is affirmed; also, it is affirmed with respect to business in Cuba, Chile and Nicaragua. With respect to other foreign business the reference to the master should be broadened to enable him to consider the evidence introduced before the district judge, including that relating to trade-mark registration or litigation between the parties in such countries and additional evidence, if offered, and to report to the district court in conformity with this opinion on the proper scope of the injunction as well as on the accounting" (474).

In our opinion, a reasonable interpretation of the above would require that the Special Master, pursuant to the direction of the Circuit Court, take testimony as to the scope of a modified Interlocutory Decree of the District Court, before proceeding with an accounting. The Circuit Court could have recast the decree or could have remanded the case directly to the District Court for modification. They did neither (474). But the Interlocutory Decree under the ruling of the Circuit Court is not complete, "Additional evidence" will determine the scope of the accounting, which should be defined in a modified Interlocutory Decree

On the showing made by the petitioner on this application, in our opinion, this is a "non-conflict" case. When all the evidence is in and the record is complete, however, there may remain in the case a question or questions of sufficient importance in the construction of the Trade-mark Law to warrant review by this Court. The respondents desire to respectfully reserve their rights for the final decree, and ask the Court to deny the application at this time. One of the questions presented to the Court on this application is apparently conceded by the petitioner to be wholly academic (Petitioner's Brief, p. 33). It may appear on a further development of the facts, as directed by the Circuit Court, that other questions in the case will be clarified or eliminated.

In conclusion, we wish to state, that in approaching this matter, we have considered the merits of the case, the interests of our clients, particularly the large expense involved, and also what we understand to be our duty to this Court. A conscientious appraisal of the whole situation and a careful analysis of the opinion of the Circuit Court justifies and necessitates the conclusion that the review of any question involved in this case at this time, assuming that there is any question of sufficient importance, would not be expedient or satisfactory to the Court or to any of the

parties involved. In our opinion, there is not now an adequate basis in this record for the solution of any questions of importance which may reside in the case.

Dated, September 28, 1944.

Respectfully submitted,

FREDERICK L. KANE,
Attorney for Respondents,
70 Pine Street,
New York 5, N. Y.

MAURICE J. MOORE,
S. MORTIMER WARD, JR.,
on the Brief.